



State Senator
VALDE GARCIA

March 30, 2009

Serving the 22nd District
Shiawassee-Livingston-southern Ingham counties
COFFEE BREAK

March 30, 2009

Michigan Senate OKs two important tax relief bills

The Senate recently approved two measures that will reduce the tax burden on Michigan homeowners and small businesses.

Senate Bill 69 would allow more small businesses to qualify for the 1.8 percent alternative profits tax by increasing the maximum officer compensation and adjusted business income barriers.

The measure is designed to retain Michigan's current jobs create more by giving tax relief to thousands of small businesses that have seen their tax liability skyrocket under the Michigan Business Tax (MBT).

The bill also would allow startup businesses to grow and prosper. It expands eligibility for the Michigan Entrepreneurial Exemption (ME-2) and extends the credit for an additional three years. This will permit a qualified business to eliminate its MBT liability attributable to increased employment costs through the 2013 tax year. Companies would need to create at least eight jobs and make a capital investment of \$500,000.

Another measure, Senate Bill 191, would increase the homestead property income tax credit from \$1,200 to \$1,300 and allow more Michigan homeowners to qualify for the full credit. The bill also provides an additional \$50 increase for seniors or totally disabled individuals and indexes the credit value to inflation.

Both bills now head to the House for consideration.

Extension of unemployment benefits for Michigan workers approved

The Michigan Senate recently approved legislation that authorizes the use of federal funds to finance an extension of unemployment compensation benefits in Michigan.

The federal stimulus dollars will allow individuals in Michigan to receive up to 79 weeks of combined state and federal benefits.

Ordinarily, Michigan job providers would pay 100 percent of the regular costs of the unemployment system. Under the stimulus law, federal revenue will finance all of the benefits extension.

The timing is crucial as the existing unemployment insurance extension program ends around March 31, 2009. The infusion of federal stimulus funds will extend that deadline into 2010.

Senate Bills 399-401 now go to the Michigan House for consideration.

Wage cut for future state elected officials approved by the Senate

The Michigan Senate passed a resolution adopting the State Officers Compensation Commission's recommendation to cut by 10 percent the salaries and expense allowances of lawmakers and top state officials beginning in 2011.

The State Officers Compensation Commission was empowered with salary decisions when the Constitution was changed in 2002. Lawmakers are only allowed to approve or reject SOCC's recommendations. The implementation of salary changes is delayed for two years, ensuring that no legislator will have a direct say in their own wage during their current term.

Senate Concurrent Resolution 11 would reduce salaries, supplemental salaries and expense allowances by 10 percent for members of the Legislature, the governor, lieutenant governor, attorney general and the secretary of state, starting in 2011.

SCR 11 now goes before the House of Representatives for consideration. If approved by the House, the resolution would result in a projected total cost savings of \$1.2 million.

Senate approves reforms to strengthen mortgage loan officer requirements

Legislation to help ensure that all mortgage loan officers conducting business in Michigan will be registered with the state was recently approved by the Michigan Senate.

The reform package will help reassure potential homebuyers that their mortgage loan officer is highly qualified to conduct mortgage loan transactions.

Senate Bills 379 through 381 expand mortgage loan officer registration requirements to those loan officers who are regulated under the Consumer Financial Services Act.

The requirements are consistent with a reform package adopted last session, including Public Acts 59 through 72 of 2008. The measures created a seven-member Mortgage Industry Advisory Board to review policies for the loan officer registration process; revised sentencing guidelines for mortgage loan officers; created educational and application requirements for becoming a registered loan officer; and developed standards for the registration renewal process.

The goal of these bills is to help make individual mortgage loan officers more accountable and responsible when brokering or originating loans in Michigan. It is another step in a series of legislative packages that have strengthened the state's loan officer registration laws.

The measures will now go to the state House of Representatives for consideration.

Contact information

Thank you for your interest in our current state issues. If you would like to receive future legislative updates via e-mail, or have any questions or concerns, please contact my office at sen22@senate.michigan.gov or by calling 800-516-0026.

###